

Hinchey, Schakowsky, Farr and Welch Leading Push for Reform to Save \$156 billion

Washington, DC -- With debt reduction talks intensifying, a group of 67 U.S. House members are renewing a push to allow for bulk-rate negotiation of prescription drug prices -- a plan that would save the federal government at estimated \$156 billion over ten years. The group, led by Reps. Maurice Hinchey (D-NY), Jan Schakowsky (D-IL), Sam Farr (D-CA) and Peter Welch (D-VT) is sending a letter to Speaker John Boehner, requesting that the reform be included in any final debt reduction package that will be linked to a vote on raising the debt ceiling.

"At a time of tough budgets, for both families and the government, we simply cannot afford to leave these real savings on the table," wrote the House members. "We strongly encourage you to include this reform in any proposal to reduce the national debt."

The change would allow the Secretary of Health and Human Services to negotiate prescription drug prices on behalf of Medicare Part D beneficiaries. The 2004 legislation, which created the Medicare Part D prescription drug program, explicitly prohibits the federal government from negotiating bulk rate discounts.

Co-signers include Reps. Peter DeFazio, Raul Grijalva, Jim McGovern, Jackie Speier, Bobby Scott, David Wu, Barbara Lee, Mazie Hirono, Shelley Berkley, Jesse Jackson Jr., Carolyn Maloney, Chellie Pingree, Pete Visclosky, Keith Ellison, Gwen Moore, Jerold Nadler, Nita Lowey, James R. Langevin, Lois Capps, Michael Michaud, Betty McCollum, John Olver, John Conyers, Kathy Castor, Linda Sanchez, Bob Filner, Howard Berman, Eleanor Holmes Norton, Larry Kissell, C.A. Dutch Ruppersberger, Brian Higgins, Steve Israel, Diana DeGette, Jose Serrano, Maxine Waters, Dale Kildee, Steve Cohen, Tim Ryan, Stephen Lynch, Lucille Roybal-Allard, John Yarmouth, Elijah E. Cummings, Mark S. Critz, Theodore E. Deutch, Tim Bishop, Daniel Lipinski, Lynn C. Woolsey, Bruce L. Braley, Edward J. Markey, Michael M. Honda, David Loebsack, Paul Tonko, Tammy Baldwin, Michael E. Capuano, Russ Carnahan, James P. Moran, Donald M. Payne, Rick Larsen, Rosa L. DeLauro, George Miller, David Cicilline, Judy Chu, and John D. Dingell.

The full text of the letter follows.

June 16, 2011

The Honorable John A. Boehner
Speaker
H-232 The Capitol
Washington, DC 20515

Dear Speaker Boehner:

As Congress considers various options for reducing our nation's debt, we write to express our strong support for allowing the Secretary of Health and Human Services to negotiate prescription drug prices for plans offered under Medicare Part D. This important reform will yield significant cost savings for both the federal government and our seniors, while also strengthening Medicare for current and future beneficiaries.

Since the enactment of the Medicare Modernization Act, which created the Medicare Part D program, the federal government has been prohibited from directly negotiating with pharmaceutical companies for lower prescription drug prices for the 28 million seniors who participate in Medicare Part D. According to a 2008 report by the House Committee on Oversight and Government Reform, the federal government could save \$156 billion over ten years by requiring the Secretary of HHS to enter into negotiations on Medicare Part D drug prices. Moreover, Medicare beneficiaries could save up to \$27 billion over the same period of time.

There are numerous examples of how the Part D program is forcing taxpayers, seniors, and individuals with disabilities to pay more than they should for prescription drugs. For example, beneficiaries who are eligible for coverage under both Medicaid and Medicare, commonly referred to as dual eligibles, are required to obtain prescription drug coverage through Medicare Part D even though current law allows Medicaid to set limits on the amount the program will pay for prescription drugs, which has produced significant savings. In fact, the House Committee on Oversight and Government Reform study found that the cost of providing the top 100 drugs to dual eligibles was 30 percent higher under Medicare than it would have been under Medicaid. In addition, the independent Congressional Budget Office estimated that requiring manufacturers to pay Medicaid-level rebates for low-income Medicare beneficiaries would reduce Part D costs by \$112 billion over ten years. While the administration of Medicare Part D has been a lost opportunity for cost savings thus far, allowing the Secretary of Health and Human Services to

pay for the prescription drugs of dual eligibles as she does for Medicaid beneficiaries would lead to significant deficit reduction in the future without sacrificing seniors' benefits.

We have the opportunity to dramatically curb the costs, and at a time of tough budgets, for both families and the government, we simply cannot afford to leave these real savings on the table. We strongly encourage you to include this reform in any proposal to reduce the national debt.

Sincerely,

Maurice D. Hinchey
Jan Schakowsky
Sam Farr
Peter Welch